

FISCAL NOTE

Bill #: SB0006

Title: Invest coal tax trust funds in loans for new midsize businesses and enterprises

Primary

Sponsor: Walter McNutt

Status: As Introduced

(signed on FAX, copy available at OBPP)

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2001 Difference</u>	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Revenue:		Undetermined Reduction	
Net Impact on General Fund Balance:		Undetermined Reduction	

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce:

- 1 The Board of Investments will make loans under the provisions of this bill.
- 2 Those loans will have interest rates of 2% for the first five years and 6% for the second five years
3. Loan terms will not exceed 15 years.
4. The Board's participation in the loans will not exceed 75%.
5. All loans will be made from the Permanent Coal Tax Trust.
6. The Board will begin loan participation at the beginning of the project.

(continued)

FISCAL IMPACT:

	<u>FY2001</u> <u>Difference</u>	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Revenues:</u>			
General Fund (01)		Undetermined Reduction	

LONG-RANGE IMPACTS:

All income from the Trust from which these loans would be made is currently deposited in the state general fund. The Board's current interest rate for loans made from the Trust range from 8.4% to 8.8%. To the extent that the Board makes these loans at the 2% and 6% interest rates set in the bill, state general fund interest revenue will be reduced. However, it is impossible to predict the amount of general fund income loss without knowing how many loans and for what amounts would be eligible under the provisions of the bill.